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Testimony of Representative Tom Reynolds
Joint Committee on Appropriations
April 5, 2011

**H.B. 5657, AN ACT CONCERNING STATE EMPLOYEE PENSION AND POST-EMPLOYMENT
BENEFIT LIABILITIES**

Senator Harp, Representative Walker, and fellow members of the Appropriations Committee, I am pleased to submit testimony in support of this proposed bill, which I introduced as part of a package of budget reform legislation to change the state's policies and practices that have helped to create and perpetuate our fiscal crisis.

This bill would require the Governor to prepare and submit to the Appropriations Committee by September 30, 2011 a long-term plan for addressing the state's unfunded liabilities for state employee pensions and state employee and teacher retiree health care and other benefits.

Unfunded liabilities represent what the state is obligated to pay in the future in the form of pensions, health insurance, and other benefits for teachers and state employees. Connecticut's unfunded liabilities for pension and other post employee benefits for state employees and teachers now totals \$48.4 billion—an amount which exceeds our entire biennial state budget.

UNFUNDED LIABILITY	\$ LIABILITY	% FUNDED
State Employee Pensions	\$11.7 billion	44%
Teachers' Pensions	\$9.1 billion	61%
State Employees Post Retirement Health & Life	\$24.6 billion	0%
<u>Teachers' Post Retirement Health & Life</u>	<u>\$3.0 billion</u>	0%
Total	\$48.4 billion	

Source: Office of Policy & Management, 6/30/2010

The state has a long-term plan for meeting our obligations to the teachers' pension fund, which has led to the fund now being 61% funded—getting closer each year to the minimum recommended funding level of 80%. However, the state employee pension liability is \$9.3 billion and only 44% funded—nearly dead last among all states in the nation.

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